

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1655-01
Bill No.: HB 687
Subject: Licenses - Motor Vehicle; Motor Vehicles; Revenue Dept.
Type: Original
Date: February 26, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Highway Funds	(\$691,776)	(\$1,001,520)	(\$1,021,551)
Total Estimated Net Effect on <u>All</u> State Funds	(\$691,776)	(\$1,001,520)	(\$1,021,551)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue** assume this proposal provides for an alternative windshield tab design to be available at the option of the vehicle owner. Whenever a vehicle owner opts for a window tab, the DOR will issue a tab which reads "window tab" to be placed on the license plate in the space for renewal tabs. The new tab design would be available as of January 1, 2002.

This proposal will not require additional FTE; however, it will be administratively burdensome to implement as an option for the citizen to have both the window sticker and the plate tab. Field staff will now have to inventory both a tab for the plates and a window sticker for the option of the same citizens.

The Motor Vehicle Bureau estimates that approximately 3,278,664 vehicles would be eligible to receive a "windshield tab" if the owner requested one.

Information received from the Department of Corrections indicates that a window sticker would cost approximately \$.37 each. The cost difference is due to the tab being placed inside the windshield and the size. We assume the current year sticker would be too small to place in the inside window for law enforcement to easily detect. The state of Texas currently issues one windshield sticker to be placed in the front windshield. The size of the windshield sticker is 3 1/2" by 2 1/4".

Due to the implementation of biennial registrations effective 7/1/00, 50% of the total number of registration would be eligible and of that amount, 60% would opt for a window sticker each year with a 2% growth rate.

Since this legislation is effective January 1, 2002, only 6 months of the registrations will be affected the first year ($3,278,664 \times 2\% = 3,344,238/12 \times 6 \text{ months} = 1,672,119 \times 50\%$ eligible for biennial).

FY02

$836,060 \times 60\% = 501,636 \times \$0.37 = \mathbf{\$185,606 \text{ Additional Tab Costs}}$

FY03

$3,411,123 \times 50\% = 1,705,562 \times 60\% = 1,023,338 \times \$0.37 = \mathbf{\$378,635 \text{ Additional Tab Costs}}$

FY04

$3,479,346 \times 50\% = 1,739,673 \times 60\% = 1,043,804 \times \$0.37 = \mathbf{\$386,208 \text{ Additional Tab Costs}}$

ASSUMPTION (continued)

We assume it is the intent of this legislation to decrease the number of stolen tabs in Missouri. Statistics from the state of Texas, who is the only state that we know of that also issues window stickers, indicates that stolen tabs will decrease by approximately 50%. In FY00 we replaced 17,481 tabs due to theft. We estimate by FY02 the Motor Vehicle Bureau would have to replace 18,188 tabs due to theft with a 2% growth rate each year thereafter. The MVB has funding for stolen tabs at \$.13 per set. This amount is being deducted from the total cost.

$$\text{FY02} = 18,188 \times 50\% = 9,094 @ 6 \text{ months} \times \$0.37 = \$1,682 - \$1,182 = \$500$$

$$\text{FY03} = 18,552 \times 50\% = 9,276 \times \$0.37 = \$3,433 - \$2,412 = \$1,021$$

$$\text{FY04} = 18,923 \times 50\% = 9,462 \times \$0.37 = \$3,501 - \$2,460 = \$1,041$$

Total Net Additional Tab Costs in FY02 = \$185,106

FY03 = \$377,614

FY04 = \$385,167

This legislation also requires all commercial vehicles license in excess of 12,000 lbs, trailers and buses be issued new plates each year instead of tabs. In FY00 there were approximately 500,000 tabs issued to vehicles that this legislation applies to. We currently pay \$.06 per tab which is already in our core budget. The impact is based on the cost of the license plate (\$1.26) minus the tab cost (\$1.26 - \$.06 = \$1.20).

FY02

$$500,000 \text{ license plates} / 12 \text{ months} \times 10 \text{ months (effective 8/28/01)} = 416,667 \times \$1.20 = \$500,000$$

FY03

$$510,000 \times \$1.20 = \$612,000$$

FY04

$$520,200 \times \$1.20 = \$624,240$$

The Motor Vehicle Bureau will also incur costs in amount of \$6,823 to change procedures, postage and flyers to citizens notifying them of the changes in tabs.

Oversight assumes the Department of Revenue can absorb the cost of procedure revision, envelopes, and postage related to this proposal from existing resources.

Officials from the **Department of Transportation** assume no fiscal impact to their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
HIGHWAY FUNDS			
<u>Cost - Department of Revenue</u>			
Tabs	(\$185,106)	(\$377,614)	(\$385,167)
Flyers	(\$6,670)	(\$11,906)	(\$12,144)
License Plates	<u>(\$500,000)</u>	<u>(\$612,000)</u>	<u>(\$624,240)</u>
Total cost	<u>(\$691,776)</u>	<u>(\$1,001,520)</u>	<u>\$1,021,551</u>
ESTIMATED NET EFFECT ON HIGHWAY FUNDS	<u>(\$691,776)</u>	<u>(\$1,001,520)</u>	<u>\$1,021,551</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal would authorize window decal registration renewal tabs for motor vehicles. This legislation would also require all commercial vehicles license in excess of 12,000 lbs, and trailers and buses, to be issued new plates each year instead of tabs.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Department of Transportation

NOT RESPONDING

Missouri Highway Patrol

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "e" at the end.

Jeanne Jarrett, CPA
Director
February 26, 2001